



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-  
Clerk of the Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

At its meeting held April 8, 2008, the Board took the following action:

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The following item was called up for consideration:

The Chief Executive Officer's recommendation to approve a revised project budget of \$50,872,000 for the Harbor-UCLA Medical Center Senate Bill 1953 Seismic Retrofit project; authorize the Acting Director of Public Works to take the following related actions; and find that project is exempt from the California Environmental Quality Act: **(Department of Public Works)** (08-0712)

Execute supplemental agreement with Integrated Design Services, Inc., to provide additional design and construction administration support services for a not to exceed fee of \$3,549,466;

Execute supplemental agreement with URS Corporation, Inc., to provide additional project/construction management services for a not to exceed fee of \$889,000;

Execute supplemental agreement with Management Specialty Services, Inc., to provide document control services for a not to exceed fee of \$650,000; and

Proceed with construction utilizing the job order contract program.

Jacob Williams and Dave Howard, Assistant Directors, Department of Public Works, and Jan Takata, Senior Manager of the Capital Projects Division, Chief Executive Office, responded to questions posed by the Board.

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After discussion, Supervisor Molina made the following statement:

“On April 18, 2006, the Board of Supervisors voted to apply to the Office of Statewide Health Planning and Development (OSHPD) for an extension of the compliance deadline for the Senate Bill 1953 Seismic Retrofit Requirements at Harbor-UCLA and other County hospitals. At that time, we were aware that the delay would mean some increased costs for the project due to increases in construction costs and materials.

“However, what was completely unexpected is that since the beginning of this project, the ‘soft costs’ for construction, such as design services and consultant services, have increased to 46% of the total cost of the project. Soft costs have increased by \$11.7 million dollars even though construction costs (or ‘hard costs’) have actually decreased by \$2 million dollars. While it is true that some of these increases in soft costs are attributable to designs that bring down our construction costs, even for the most expensive project, the industry standard for soft costs should not be higher than 20%. Department of Public Works’ industry standard for soft costs averages over 30%, and in fact, soft costs for the Harbor project would have been around 34% even if there had been no construction savings.

“Soft cost increases, which account for 46% of Department of Public Works’ total budget – especially as construction costs have decreased, is unacceptable and cannot be justified by project delays. We must understand how this happened and be assured that this will not happen again in the future.”

Therefore, on motion of Supervisor Molina, seconded by Supervisor Knabe, unanimously carried, the Acting Director of Public Works was instructed to:

1. Present a full analysis of their “hard” and “soft” costs to the Project Advisory Committee (PAC) charged with overseeing the Harbor-UCLA Surgery-Emergency project within one week so that the PAC can make recommendations to the Department on ways to avoid skyrocketing soft costs and bring their total “soft cost” spending more in line with the private sector; and
2. Provide corrective actions to the Board of Supervisors within two weeks of receipt of recommendations from the PAC.

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In addition, on motion of Supervisor Knabe, seconded by Supervisor Burke, duly carried by the following vote: Ayes: Supervisors Yaroslavsky, Knabe, Antonovich, and Burke; Noes: Supervisor Molina, the Chief Executive Officer's attached recommendation was adopted.

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Attachment

Copies distributed:

Each Supervisor

Chief Executive Officer

County Counsel

Acting Director of Public Works